

Opening Statement
Chairman Michael G. Oxley
House Committee on Financial Services
Subcommittee on Housing and Community Opportunity
H.R. 1985 – The FHA Multifamily Loan Limit Adjustment Act of 2003

July 22, 2003

I want to thank Chairman Ney and Ranking Member Waters for their leadership on this and other issues under the jurisdiction of the Subcommittee on Housing and Community Opportunity.

Today, the Subcommittee will hear testimony from the Department of Housing and Urban Development and expert witnesses on a bill that will provide the Housing Secretary the discretion to raise multifamily loan limits.

The FHA Multifamily Loan Limit Adjustment Act, H.R. 1985, which was introduced by Rep. Gary G. Miller, would increase affordable housing availability for low- and moderate-income families across America.

The bill would allow HUD to increase multifamily mortgage loan limits for FHA insured properties in high-cost areas. This increase will be tremendously helpful in very expensive or high-cost housing areas such as Boston, New York City, San Francisco, Los Angeles, Philadelphia, and Seattle, to name a few.

We have learned from our numerous hearings during the 107th and 108th Congresses that the involvement of the private sector is key to developing good housing for working families. The FHA Multifamily program is one such partner that provides mortgage insurance for multifamily developments, particularly serving families around 80 to 130 percent of area median income. These families include police, firefighters, teachers, entry and mid-level service workers, among others.

In our most expensive cities, it is very difficult for these workers, particularly the young or those starting out in the workforce, to find affordable rental housing where they live and work. Using statistics provided by the Department of Housing and Urban Development, in 2003, no multifamily loans have been FHA insured in New York City, Philadelphia, Los Angeles, Seattle, Hawaii, and New Jersey. In the entire state of California, only one multifamily development has been built and insured by FHA. Coincidentally, in these cities, there appears to be a wide availability gap of affordable rental housing.

While it is certain that homeownership is the American Dream and should be a worthy goal pursued by every family and individual, it is equally as certain that there are some, particularly young families, who must first rent and then “move-up” to homeownership at a later time.

I am hopeful that today’s hearing will bring about a thorough analysis of the affordable rental housing issue as well as how H.R. 1985 can be a step in the right direction.

Once again, many thanks to Chairman Ney and Ranking Member Waters for your leadership on this issue.

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